(Undated document notes typed, with changes and additions in RD`s handwriting, found in 1973)
(Quotations from Ernest Mandel are italicized)

"Is Canada Imperialized and its State *(Imperialist" -ed.)*

Why do the authors of Canada and the Crisis of World Imperialism express such strenuous objection to our opinion that the formulation that Canada can usefully be described as an imperialized, imperialist nation?

This phrase entered into our discussion when the authors of **Canada and the Crisis of World Imperialism (C&CWI)** brought to our attention some general observations that Ernest Mandel expressed in his book **Europe and America** but for some reason however overlooked a specific comment he made on page 24 of that book about the exceptional character of Canada-US relations.

In the course of our contribution in *(LSA 1972 DB)* Bulletin No. 18 we quoted from a lecture Mandel gave in 1971 at McMaster University where, while rejecting any concept that Canada is a colony, he expressed the opinion that *"the situation of Canada is a very peculiar one"* and that the term imperialized imperialism *"hits the nail right on the head."*

In *(DB Jan. 1973)* Bulletin No. 25 we quoted from an article "The Law of Uneven Development" that Mandel wrote almost three years ago where he again noted an exception character of Canada. In this article he outlined what might be called a basic criteria for the category of semi-colonies *"Such semi-colonial nations arise only when in fact the **key industries and banks in the country are owned or controlled by foreign capitalists;** and when **for that reason** the state itself fundamentally protects the interests of the foreign imperialist class as against those of the native bourgeoisie. That is the situation in Greece, Brazil, Ghana or Iran today." (Bold underlined by RD)*

Some comrades immediately concluded on the basis of certain other information about the nature of the Canadian economy that we brought to their attention - facts that show that US capital does indeed own or control the key industries, the strategic or commanding heights of the Canadian economy - and does indeed own or control Canada`s chartered banks, that Canada meets all Mandel`s criteria for a semi-colony (we will leave aside the question of the state.) However, Mandel specifically denied that Canada is either a colony or a semi-colony and projected other possibilities in a lecture to a seminar held on his behalf by Waffle - (with) MISC spokesman Melville Watkins on the U. of T. (campus) in 1971.

After commenting on a situation where there is an interpenetration of capital between imperialist powers such as the United States and Japan, he said there is another type of situation:

"which is the Canadian one, which is the Spanish one, which tomorrow might be the one of another European country (perhaps Italy - we don`t know - perhaps the Low Countries). In this situation, there is not a two-way capital movement but only a one-way capital movement. Here the weight of foreign capital in the national economy is expanding so quickly that a certain loss of political independence (or) decision could come about. This cannot be excluded. This is a question of quantitative judgment. Whether this arises when 50% of capital is in foreign hands or when 45% or even 40% of capital is in foreign hands we cannot say. This cannot be approached in a mechanical way

"But in that case would the country become a semi-colonial country? I would again say no. The nature of a semi-colony is structural. It is not just a question of who owns capital. It is a question of the relationship between industry and agriculture, the average productivity of labor in industry an in agriculture, and so forth and so on.

"There are many indications that certain persons who I will not name are considering this eventuality.

"What would happen in this case is the formation of a bigger union, an absorption of Canada into a sort of North American Common market area. Of course this process is going on on a very broad scale in Europe today.

"If European economic integration takes place, if it comes to pass, if multi-national European corporations come to control the entire European economy; well, I come from a small country and I do not have any illusions, I do not think

Belgian capital will come out on top of this integration, that Belgian capital will rule supreme in Rome, Paris, London and Bonn.

"The outcome of such an integration process will probably see the weaker shouldered out. But that doesn`t at all mean that Belgium would become a semi-colony. And it is very possible that at the same time as that happens the economic growth of the Belgian territory would be bigger than ever, because the first thing is determined by ownership, the second thing is determined by location, fluctuations in the rate of profit. If European capital can get a higher rate of profit in Belgium than it can get in South Germany, southern France, Northern England or Southern Italy, a lot of capital will come to Belgium, and the rate of industrialization will go up, and the wages can go up. And many other things can happen - at the same time ownership can change.

"So a process of economic integration on an inter-national scale is something completely different from the process of transformation into a semi-colony. If you transform a country into a semi-colony you freeze economic inequality. You freeze a big difference in average productivity of labor and average income. If you have economic integration, the opposite happens. You eliminate differences in productivity of labor, you tend to eliminate differences in income, welfare and so on and so forth.

"That is one of the reasons why capitalists in Hawaii and capitalists in Alaska, and I might make a prediction that some day capitalists in Canada too would not be hostile at all to an integration into the United States. They would see integration as a way of reducing the differences in income, welfare, productivity of labor, access to raw materials, to capital, etc. etc. So a process of inter-national economic integration is something entirely different from the process of the transformation of a country into a semi-colony which means something very concrete from the point of view of economic underdevelopment.

"I don`t want to go into all the paradoxes of the Canadian situation, but it is not by accident that the capitalist class of the underdeveloped part of Canada, of Quebec, is the least hostile to an integration of the Canadian economy with the United States economy. Because for them such an integration is a means for overcoming their regional underdevelopment, and (it is) not at all a fear of over-exploitation. They already feel over-exploited in Canada as it is. They don`t think it can be worse for them. If you are integrated into a bigger area you think it might prove more profitable for you.

"I do not draw any political conclusions from everything I have said - and I am certainly not advocating integration of Canada into the United States. That is not the question. I have merely tried to indicate some certain basic differences in judgement which you must make on a certain number of trends going on today in the capitalist world economy." (end of Mandel - RD.)

I assume that the reason we have not published this in any form yet (we had scheduled it for the first issue of our theoretical journal, is that Mandel has not edited the taped version). In this and other speeches in his replies to the incessant questions that followed him across the country, was Canada a colony, Mandel referred to other countries where imperialist penetration is as considerable… *(illegible, unclear passing reference to Lenin - ed.)*

We would establish for the purpose of this discussion some key points from the above information:

(1) Mandel whose book **Europe and America** was brought into the discussion on page 2 and 3 of **Canada & the Crisis of World Imperialism** is used to buttress some key concepts advanced by its authors - in particular their theory of the interpenetration of capital between Canada and the United States and their theory of the "state fortress" that the Canadian bourgeoisie are alleged to have built against US capital and which with the alleged rupture of special US-Canadian relations will lead to the Canadian bourgeoisie completely re-orienting towards Japan. In fact it seems clear to us without any exaggeration whatsoever that the authors of **C&CWI** have made the arguments of **Europe and America** central to their concept of the understanding of the nature of Canada, its economy, the ruling class and the state.

There is only one problem - they started off by ignoring a quite modest footnote that appears on page 24 of **Europe and America** - that none of the industrialized nations in Western Europe is being taken over wholesale by American capital, BUT "there is an exception: Canada, a modern industrial nation where ownership of an absolute majority of the non-agricultural means of production has fallen to the USA."

We brought this up in Bulletin No. 18 published back in November 1972 immediately **C&CWI** appeared. In Bulletin No. 25 we pointed out a further comment by Mandel known to the authors of **C&CWI** published some 3 years ago where Mandel again noted "the exception of Canada" but we have heard no word.

We would now note from the above speech of Mandel (in) which we have quoted all comments that he made on Canada, which we referred to back in November 1972 and made a year before that. Mandel considered that unlike the (relationship) between Japan and the US which is one interpenetration of capital - Canada`s relationship with the US is of a type - not interpenetration - (but where) "there is not a 2-way capital movement but only a one-way capital movement."

Unfortunately C&CWI is completely symmetrical - it claims otherwise, that Canadian private capital has considerable investment in the US - however we have proved otherwise, that it is largely US capital flying the Canadian flag.

Referring to such a situation as Canada, Mandel suggested that "a certain loss of political independence of decision could come about. This cannot be excluded."

(2) We would also note that Mandel vigorously rejects the concepts of countries of another type such as Canada (which) do not become semi-colonies - with which we completely agree - and then proceeds to speculate around the theme of integration of the Canadian economy with (the US).

(3) Mandel makes a prediction after commenting about Hawaii and Alaska - states in the United States of America - that "someday capitalists in Canada too would not be hostile at all to an integration into the US."

Mandel cannot be faulted on this but it seems unchallengeable that the Canadian capitalist class as a whole - there are a couple of isolated ideologues such as Gordon and Kierans who protest - have long ago opted for integration of Canada into the US and the process if not completed is now clearly irrevocable.

The fact that this process of integration is so well advanced has not eliminated the Canadian capitalist class - in fact while their decline in weight in the Canadian economy in relation to that of the US has been precipitous, their wealth has actually increased. (They retain) State power to intervene and defend with any means necessary the interests of capital within the borders of Canada - the interests of undifferentiated capital (integrated and non-integrated.) Since before the Canadian workers struggle US and Canadian capital in Canada stand and will fall together remains (a fact.)

This integration of the Canadian economy with that of the US - the relationship of forces in this process is obvious - has not resulted in the formal dissolution of the Canadian State. Canada retains all the forms of a separate and independent nation-state in relation to that of the US.

The process of integration has long historic roots in Canada`s past. It accelerated in the 1960s until we can say that the process is irrevocable although it is not clear exactly as to what will be the forms of its expression.

(end)